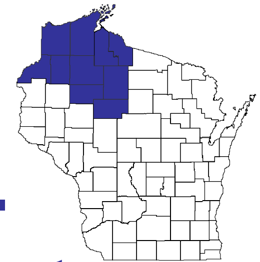
Workforce Observations

for the Northwest Wisconsin counties

Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn



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Direct questions-comments to:

Beverly Gehrke,

Labor Market Analyst

Hayward Job Center,
15618 Windrose Lane, Ste. 108,
Hayward, Wisconsin 54843
715-634-5289
(FAX) 715-634-6094
e-mail:
beverly.gehrke@dwd.state.wi.us
or find more labor market information at
http://dwd.wisconsin.gov/oea

Northwest Wisconsin Population Increases as New Residents Move to Area

Washburn, Sawyer and Burnett counties are adding population much faster than any of the other seven counties in the Northwest Wisconsin. Since 2000 the population in these three counties added 2,780 residents, well over half the combined growth in population experienced in the entire region. The populations in each of the ten counties did grow from 2000 to 2005 and the region added 4,620 residents, an overall increase of 2.6 percent. The total population in Northwest Wisconsin in January 2005 was 185,401.

Despite the growth, the 2005 population is still below the 1940 census figure of 188,463 residents. Following decades of receding population the area is once again gaining residents – and nearly all of the increase is from new residents moving into the area.

From 2000 to 2004 over 5,100 individuals moved into one of the ten counties in the northwest region. Burnett, Sawyer and Washburn were the big attractions but all counties, except Taylor, added residents from migration. On the other hand, Taylor was the only county in the region to add residents from natural increases (births—deaths). Overall, there were 478 more deaths in the region than there were births.

Most of the new residents who move to Northwest Wisconsin are older and some do move here to retire but others are a bit younger and move for a change in lifestyle, raise families, or just simply to get out of larger cities.

The increase in population from migration is especially visible in the number of residents between the ages of 35 and 64 years old. These population groups are growing faster than current residents are aging. in other words, if you look at the total change in population for a single age and subtract the change occurring from younger residents growing older, the remainder is an indication of the change occurring from new residents moving to the area. The greatest increase is occurring in the group aged 45-49 years with the second largest increase in the group aged 55-59 years.

While an increase in population in the middle years is good news there are problems on the horizon. First, because there are fewer births the number of residents under 19 years of age is declining in the northwest region. There were 3,200 fewer residents aged 0-19 years in 2004 than there had been in 2000 and in four short years the proportion of residents under 19 years of age declined from 27 to 25 percent. Second, the population aged 50-64 years grew in number and the share of the

Population in Northwest Wisconsin Counties

	2000	2005	Change
Ashland	16,866	16,905	39
Bayfield	15,013	15,652	639
Burnett	15,674	16,542	868
Douglas	43,287	43,870	583
Iron	6,861	6,922	61
Price	15,822	15,993	171
Rusk	15,347	15,469	122
Sawyer	16,196	17,146	950
Taylor	19,680	19,902	222
Washburn	16,036	17,000	964
Northwest Wisconsin	180,782	185,401	4,619

Source: WI Dept. of Admin., Demographic Services, Aug. 2005

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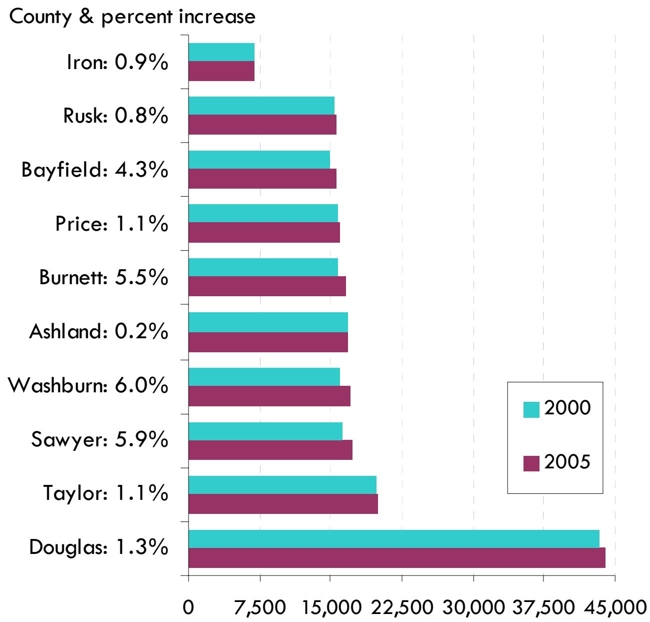
total population increased from 17 to 19 percent. And third, the increase in population for the largest segment of the population, those aged 20-54 years, was due largely to an increase in the number of 20-24 year olds but only in some counties. There are also indications that this increase is an aberration and will disappear in final census counts. If the 20-24 year old group is excluded there is a decline in the share of population aged 25-54 years from 40 percent in 2000 to 35 percent in 2020.

The total population in Northwest Wisconsin is projected to grow through 2020 but much of this growth depends on continued migration to the area. By 2020 one-third of the population will be aged 60 years or more and the number of residents between the ages of 25 and 54 years, the primary years for workers, will be much smaller. These residents currently provide 70 percent of the labor force in this region and their numbers will drop from 73,000 in 2000 to 67,000 by 2020 and their share of the total population will decline from 40 percent in 2000 to 35 percent in 2020.

The current increases in population are encouraging. In the immediate future a larger, middle-aged population provides more labor for employers, increases the tax-base, and brings additional dollars to the local economy. But in only fifteen years there will be a smaller labor supply due to an increasing share of residents aged 60 years and more, and in spite of overtures by employers to retain workers longer and even a desire of workers themselves to remain working, there will still be a significant number of workers leaving the labor force and they take with them years of experience and knowledge.

Population in Northwest Counties in 2000 and 2005



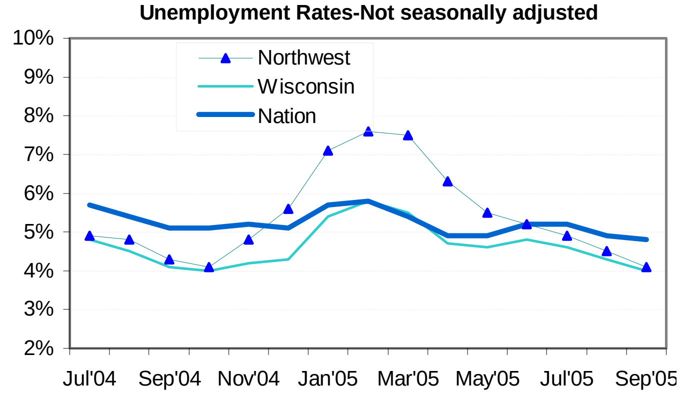
Source: Wisconsin Dept. of Admin., Demographic Services, Aug. 2005

Workforce changes in Northwest Wisconsin

No matter where you live in the United States, including the northwest region of Wisconsin, your life was/is impacted by hurricanes Katrina and Rita. The most obvious is the rippling effect in the rise in fuel costs. But as the southern coast rebuilds the northwest region may feel other consequences of the hurricanes as the need for construction materials, especially windows and doors, increases. As of September, however, any sign of increased demand in the wood industry was absent from the labor force and nonfarm wage and salary job estimates and the historical trends for employment in this region trumped any atypical demand.

The unemployment rate for Northwest Wisconsin fell during each of the three months of the third quarter and in August and September the rate was lower than the rate for the same month twelve months earlier. Driving the reduction in unemployment rate is the decrease in the number of unemployed residents in the region. The third quarter average for number of unem-

Unemployment Rates-Not seasonally adjusted



	Jul'04	Aug'04	Sep'04	Jul'05	Aug'05	Sep'05
Northwest	4.9%	4.8%	4.3%	4.9%	4.5%	4.1%
Wisconsin	4.8%	4.5%	4.1%	4.6%	4.3%	4.0%
Nation	5.7%	5.4%	5.1%	5.2%	4.9%	4.8%

ployed in Northwest Wisconsin was 4,476 in 2005 down from the estimate in 2004 and from the previous quarter. Of note is the reduction in unemployed residents in Taylor County from second quarter when a late spring, and temporary, layoff occurred. The county now has the lowest unemployment rate in the region and is among the lowest in the state.

The drop in the regional unemployment was also influenced by a stronger-than-normal employment picture in August and September. Third quarter employment generally runs higher than other months of the year due to the seasonality of so many of the region's jobs. And, typically, the lowest unemployment rates of the year are found in either September or October. All counties in the northwest region posted higher employment during the third quarter and six reported more employment than in 2004.

Overall, there were 95,342 residents with jobs in Northwest Wisconsin during third quarter 2005. The majority of those residents worked in one of the 74,440 jobs with a re-

Civilain Labor Force Estimates* for Northwest Wisconsin Counties

	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004
	Ashland			Iron			Sawyer		
Labor force	9,801	9,441	9,758	3,199	3,146	3,276	9,629	9,146	9,601
Employed	9,276	8,887	9,273	2,992	2,897	3,063	9,226	8,610	9,207
Unemployed	525	555	485	207	250	213	402	536	394
% unemployed	5.4	5.9	5.0	6.5	7.9	6.5	4.2	5.9	4.1
	Bayfield			Price			Taylor		
Labor force	8,519	8,291	8,557	9,101	9,094	8,768	11,562	11,690	11,638
Employed	8,174	7,831	8,171	8,718	8,624	8,434	11,140	10,988	11,176
Unemployed	345	460	386	383	470	334	422	702	462
% unemployed	4.1	5.6	4.5	4.2	5.2	3.8	3.6	6.0	4.0
	Burnett			Rusk			Washburn		
Labor force	8,683	8,548	8,576	7,953	7,718	7,752	8,367	8,345	8,344
Employed	8,325	8,111	8,202	7,579	7,194	7,393	7,981	7,848	7,951
Unemployed	357	438	374	375	524	358	386	497	393
% unemployed	4.1	5.1	4.4	4.7	6.8	4.6	4.6	6.0	4.7
	Douglas			Superior, City			Northwest		
Labor force	23,004	23,047	23,350	14,350	14,353	14,580	99,818	98,467	99,619
Employed	21,932	21,907	22,107	13,659	13,644	13,769	95,342	92,895	94,977
Unemployed	1,073	1,141	1,243	690	709	812	4,476	5,572	4,642
% unemployed	4.7	4.9	5.3	4.8	4.9	5.6	4.5	5.7	4.7

* not seasonally adjusted

gional employer. Others traveled to jobs in neighboring counties/states or worked in their own business. The number of jobs with regional employers increased in the third quarter as they should and the largest increases occurred with employers in leisure and hospitality. Even though employment in the third quarter is greater than other quarters most of the hiring done by employers occurred earlier. By August employers are facing student workers who

(Continued on page 4)

Quick look at Quarterly Workforce Indicators

Quarterly Workforce Indicators, an output of the Longitudinal Employment Dynamics program, is a relatively new resource available from the US Census Bureau. The data is produced quarterly in cooperation with states and data from the unemployment compensation payroll tax file. Due to the lag in receiving tax data and the time needed to cross reference the files with census data the most current report available is first quarter 2004.

QWI Quick Facts	Northwest (Q103)	Northwest (Q104)		Wisconsin (Q103)	Wisconsin (Q104)
Total employment	65,226	65,131		2,586,948	2,596,631
Male	32,055	31,716		1,275,793	1,286,890
Female	33,171	33,415		1,322,884	1,309,741
Job creation	3,005	3,017		99,120	106,762
New hires	6,832	6,753		264,962	277,810
Separations	7,951	8,777		318,060	373,644
Turnover	7.9%	7.9%		8.2%	8.6%
Avg monthly earnings	$2,060	$2,116		$2,787	$2,906
Male	$2,545	$2,618		$3,487	$3,642
Female	$1,598	$1,650		$2,099	$2,179
Avg new hire earnings	$1,497	$1,125		$1,843	$1,719
Male	$1,934	$1,422		$2,314	$2,120
Female	$1,090	$899		$1,431	$1,357

Source: US Census, Local Employment Dynamics

Total employment is the number of workers employed by the same employer in both the current and previous quarter. **New hires** represents workers not employed by that employer during the previous four quarters while **Separations** represents workers employed in the current quarter but NOT in the subsequent quarter.

The data provides a more detailed look at county workforce patterns not previously available for smaller areas and can be accessed for industry sectors. The web address for those who may want to explore this new tool:
http://lehd.dsd.census.gov/led/index.html

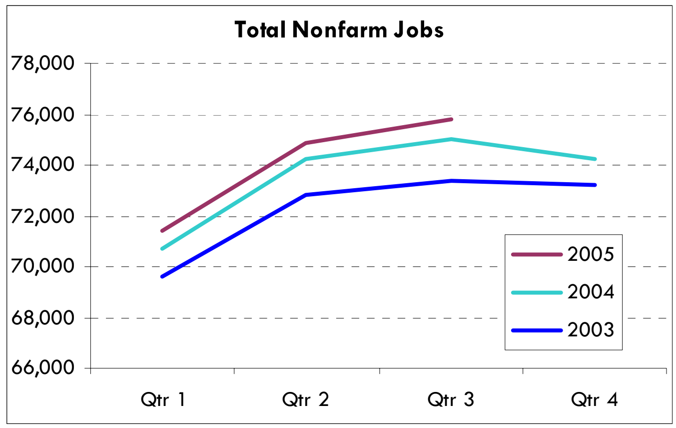
leave to get ready to return to school. While this is especially prevalent in leisure and hospitality it occurs in nearly all industry sectors.

Construction and manufacturing employers, following a strong rebound in hiring this spring, sustained that momentum through third quarter and posted some of the largest job gains since one year ago. Job gains with education and health services employers were also abundant compared with a year ago. Employers in this industry have been steadily adding jobs over the entire year whereas manufacturing employers have a hiring surge in the spring. If wood manufacturing jobs do respond to an increased need from home rebuilding it will be in the fourth quarter. Many manufacturing employers, except those producing wreaths and garlands for the holidays, typically reduce payroll during fourth quarter.

Only two industry sectors, transportation & utilities and government, had fewer jobs in the third quarter. The downturn is typical and seasonal and results from a decline in employment for bus drivers, food workers and maintenance staff with local schools. This year several counties showed an early rise in government employment, however, resulting in more jobs in 2005 than there had been in 2004.

Northwest Wisconsin Nonfarm Wage and Salary Employment

Northwest Wisconsin	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004
Total Nonfarm jobs	75,778	74,757	74,977
Const/Min'g/Nat. Resources	4,280	3,850	4,131
Manufacturing	12,582	12,399	12,458
Trade	10,845	10,638	10,754
Transportation & Utilities	3,805	3,862	3,757
Financial Activities	2,556	2,488	2,495
Education & Health Services	9,463	9,413	9,325
Leisure & Hospitality	9,086	8,131	9,022
Information, Professional & Business Srv, & Other Services	8,731	8,723	8,757
Total Government	14,429	15,252	14,279



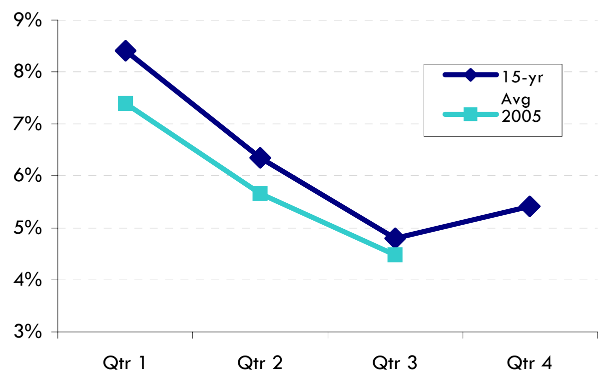
Nonfarm Wage and Salary Employment Estimates for Northwest Wisconsin Counties

	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004
	Ashland			Bayfield			Burnett			Douglas			Taylor		
Total Nonfarm jobs	9,420	9,167	9,373	4,522	4,225	4,342	5,437	5,322	5,275	17,295	17,921	17,871	6,940	6,231	6,803
Const/Min'g/Nat. Resources	673	588	672	233	215	238	338	315	329	912	842	898	484	444	462
Manufacturing	1,257	1,246	1,292	175	170	171	943	908	934	1,003	1,012	1,006	541	467	569
Trade	1,000	990	1,029	574	543	535	645	632	625	2,959	2,951	3,052	1,347	1,280	1,313
Transportation & Utilities	218	253	235	163	138	159	135	134	127	2,269	2,295	2,217	120	137	114
Financial Activities	324	321	329	163	157	158	149	139	153	571	570	559	320	309	314
Education & Health Services	1,804	1,805	1,768	373	332	333	722	719	700	1,975	1,983	1,980	672	661	660
Leisure & Hospitality	944	846	947	1,189	942	1,164	721	664	684	2,425	2,276	2,405	1,317	1,065	1,283
Info, Prof/Bus.Srv, Othr Srv.	1,080	1,073	1,035	288	268	296	420	413	401	2,762	2,887	3,075	824	803	805
Total Government	2,120	2,045	2,066	1,364	1,461	1,288	1,364	1,397	1,321	2,418	3,104	2,680	1,317	1,065	1,283
	Iron			Price			Rusk			Sawyer			Washburn		
Total Nonfarm jobs	2,201	2,135	2,284	7,119	7,102	6,731	6,068	5,775	5,779	7,719	7,245	7,632	7,719	7,245	7,632
Const/Min'g/Nat. Resources	281	230	281	294	263	286	226	219	234	484	444	462	484	444	462
Manufacturing	320	320	351	2,634	2,612	2,383	1,996	1,949	2,006	541	467	569	541	467	569
Trade	362	359	355	960	932	917	573	566	556	1,347	1,280	1,313	1,347	1,280	1,313
Transportation & Utilities	60	53	53	74	73	76	175	177	173	120	137	114	120	137	114
Financial Activities	74	73	72	231	224	221	154	143	143	320	309	314	320	309	314
Education & Health Services	311	308	335	969	944	932	529	541	548	672	661	660	672	661	660
Leisure & Hospitality	333	305	366	461	421	438	361	355	364	1,317	1,065	1,283	1,317	1,065	1,283
Info, Prof/Bus.Srv, Othr Srv.	96	98	101	558	554	519	530	532	493	824	803	805	824	803	805
Total Government	363	389	370	939	1,079	958	1,525	1,293	1,261	2,096	2,079	2,112	2,096	2,079	2,112

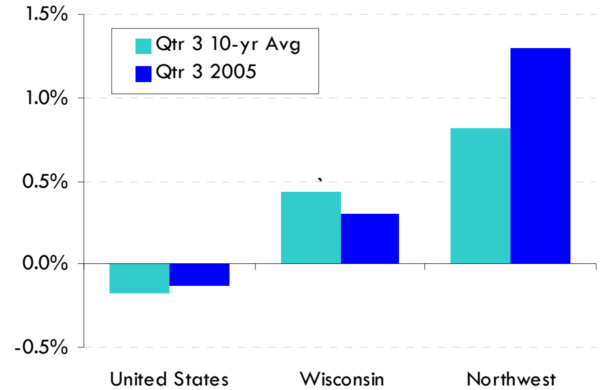
Current quarter preliminary. Estimates based on March 2004 benchmark. Summing from unrounded numbers.

The Workforce Album: Third Quarter, 2005

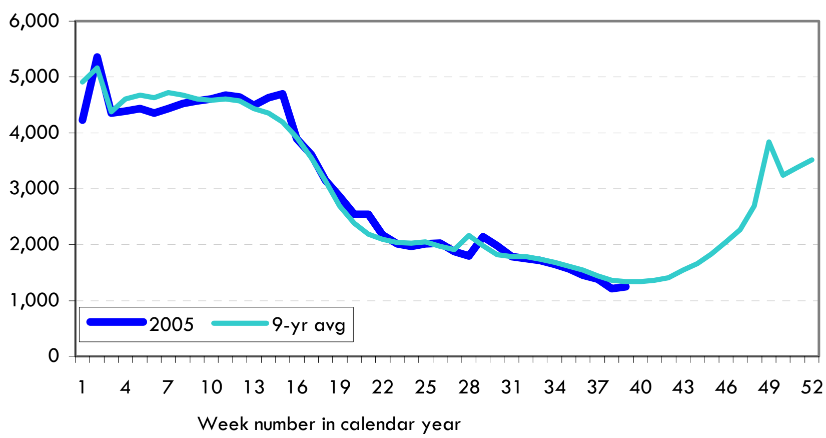
NORTHWEST WDA-7 Unemployment Rate



Change in number of jobs

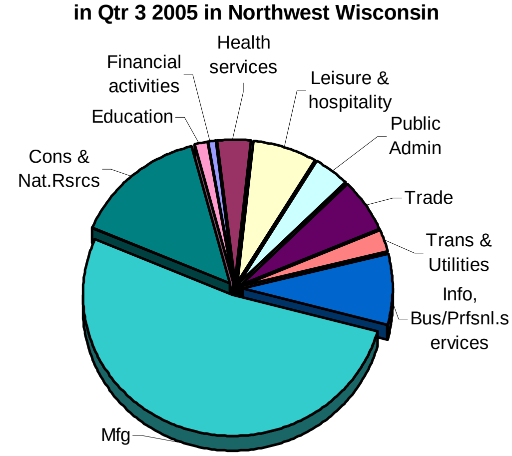


Northwest Wisconsin Weekly Claims for Unemployment Benefits



Source: DWD, Unemployment Compensation Div

Initial Claims for Unemployment Benefits by Industry in Qtr 3 2005 in Northwest Wisconsin

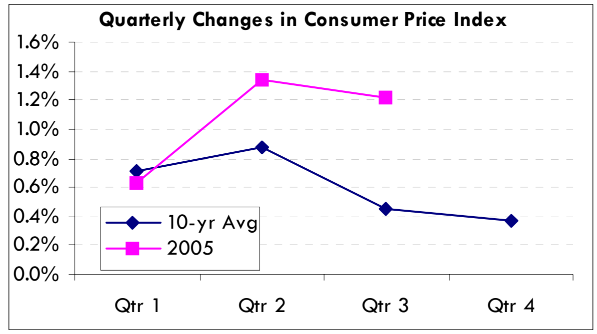


Consumer Price Index - All items	Change over previous quarter Qtr 1 2005	Qtr 2 2005	Qtr 3 2005*	Qtr 4 2005	over yr Qtr 3 2004
United States	0.6%	1.3%	1.2%		3.8%
Midwest cities (50,000-1.5 million pop.)	0.5%	1.2%	1.6%		4.2%
Midwest cities (less than 50,000 pop.)	1.0%	1.5%	1.7%		4.7%
Employment Cost Index					
Civilian total compensation	1.1%	0.6%	0.9%		3.1%
Private industry total compensation	1.1%	0.7%	0.6%		3.0%
Local & state govt. total compensation	0.9%	0.3%	1.8%		3.7%
Civilian wages	0.7%	0.5%	0.8%		2.3%
Private wages	0.7%	0.6%	0.7%		2.2%
Local & state government wages	0.6%	0.2%	1.3%		2.7%
Civilian benefits	2.2%	0.7%	1.1%		5.1%
Private industry benefits	2.3%	0.8%	0.7%		4.8%
Local & state government benefits	1.4%	0.5%	3.0%		6.1%

Source: US Bureau of Labor Statistics

* current quarter

Quarterly Changes in Consumer Price Index



Qaurterly Changes in Employment Cost Index